

## SMALL BUSINESS

DeFazio has been a leading advocate for Oregon small businesses by securing appropriations earmarks, fighting unfair trade deals and rising energy costs, improving crumbling infrastructure, and pushing for adequate funding of the Small Business Administration.

Note: DeFazio's efforts to support small businesses by promoting infrastructure development, more rational forest and fishery management policies, fighting unfair trade deals, and restoring affordable energy costs are detailed in other chapters and are not repeated here.

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### **In the 108th Congress (2003-2004):**

- ▶ **DeFazio has voted against the President's budget requests to slash funding for the Small Business Administration (SBA).** The President's FY02 and FY03 budgets proposed funding reductions for the SBA of 40 and 56 percent, respectively. This year, the President asked for \$700 million, a 10.4 percent cut from the previous year. The administration also proposed eliminating funding for: the SBA's most popular lending program, 7(a) loans, and reducing the maximum loan size; the Small Business Innovative Research Program technical assistance and the SBIR Federal and State Technology Partnership program (known as "FAST"); the New Market Venture Capital program; and the PRIME (Program for Investment in Microentrepreneurs) technical assistance.
- ▶ **DeFazio is a cosponsor of H.R. 3607, legislation to provide a refundable tax credit for small businesses to purchase health insurance for their employees.** The credit equals 40-60 percent of the cost of insurance, depending on the size of the company.
- ▶ **He also supports H.R. 4356, the Small Business Health Insurance Promotion Act.** Similar to H.R. 3607, this bill would make small businesses or self-employed individuals eligible for a 50 percent tax credit to defray the cost of health insurance. It would create state and national multi-insurer pools to provide comprehensive and affordable health insurance choices to small employers and the self-employed. To receive the tax credit, participating employers must offer all of their employees coverage through either the qualified state or national health insurance pools. These purchasing pools would ensure comprehensive and affordable health insurance. Participants would receive a choice of plans very similar to those available in the Federal Employees Health Benefit Plan (FEHBP).
- ▶ **DeFazio supports reducing taxes on small businesses. The first bill he introduced this session was an economic stimulus bill that included payroll tax relief for individuals and employers.** My bill, H.R. 396, included an exemption for the first \$10,000 in wages from the Social Security payroll tax—both the employee and employer share. This would provide a tax cut for small businesses of \$620 for each employee earning at least \$10,000.
- ▶ DeFazio is also a cosponsor of legislation introduced by Representative Hooley, H.R. 3608,

which provides a **\$5,000 tax credit for the creation of new jobs during the current recession.**

▸ DeFazio is a cosponsor of bipartisan legislation, H.R. 1769, the Job Protection Act, which would **lower the corporate tax rate on businesses who manufacture in the United States.**

▸ **DeFazio has been a leading opponent of President Bush's tax cut agenda**, which, despite the administration's rhetoric, has favored large multinational corporations and wealthy individuals, not small businesses. In fact, **the President's tax cuts have exacerbated the challenges faced by small that need access to adequate capital to operate and expand.** For example, the President proposed eliminating taxation of dividends and lowering the tax on capital gains. Because these tax cuts make investments in corporations more attractive, small businesses (which don't generally pay dividends and offer lower gains to investors) will have to pay higher interest costs to attract increasingly scarce capital. Similarly, the President's tax cuts have led to the re-emergence of massive federal budget deficits. Budget deficits hurt small businesses. As the federal government becomes of very large borrower of private capital, the government attracts capital that would otherwise be available for private investment, including in small businesses. Government deficits raise interest rates and borrowing costs for small businesses.

▸ **DeFazio voted in favor of H.R. 205, the National Small Business Regulatory Assistance Act of 2003**, which directs the SBA's Small Business Development Centers to serve as clearinghouses for confidential regulatory compliance assistance to small businesses. The bill is still awaiting action the Senate.

▸ **DeFazio worked to protect hundreds of jobs at the Hynix semiconductor plant in Eugene.** Hynix has been under attack by a competitor, Micron. DeFazio coordinated letters from the Oregon delegation to the Department of Commerce in support of Hynix's position in the trade complaint filed by Micron. DeFazio also testified on behalf of the Hynix workers before the U.S. International Trade Commission on June 24, 2003. And, DeFazio introduced a resolution, H.Con.Res. 124, that highlighted the important role Hynix plays in the Oregon economy and urges the Secretary of Commerce to grant a fair hearing to Hynix in the trade case. DeFazio's bipartisan resolution was cosponsored by the entire Oregon House delegation.

▸ **Videx, a Corvallis-based manufacturer, reported to DeFazio that one of its product lines had been counterfeited by a Chinese company**, which caused Videx's sales in China to drop from \$1.2 million a year to \$200,000. **In response, DeFazio coordinated letters to the Secretary of Commerce and the U.S. Trade Representative that were signed by Representative Hooley and Senators Wyden and Smith urging the Administration to use every tool at its disposal, including bringing the situation to the attention of high-level Chinese officials and filing a complaint at the World Trade Organization against China for violating its intellectual property commitments.** DeFazio continues to monitor this situation. To date, the Administration has raised this issue with counterparts in China, but has not been willing to go beyond words to actually file a trade complaint at the WTO.

▶ DeFazio joined several colleagues in the Northwest in writing to Treasury Secretary Snow in February 2004 in support of an application by ShoreBank Pacific for \$30 million in New Markets Tax Credits. ShoreBank would use these credits to leverage investments, including business start-ups, expansions and stabilization in Lane, Douglas, Coos, and Curry counties in Oregon. ShoreBank was ultimately awarded \$8 million in credits for 2003-2004.

▶ **H.R. 4613, the fiscal year 2005 defense spending bill included \$2 million requested by DeFazio for a software program to more efficiently schedule U.S. Navy ship construction. DeFazio also secured \$2 million in fiscal year 2004 and \$1.5 million in 2003 for this program. The software, which was developed by On Time Systems, Inc. of Eugene, Oregon, could save the Navy \$200-500 million in annual construction costs.** In addition, when the Navy and Electric Boat (one of the Navy's primary shipbuilders) did not comply with the direction from Congress on the testing of the software. DeFazio and Representative Norm Dicks intervened with the Navy on behalf of On-Time Systems, Inc. to ensure that congressional intent was fulfilled with a full-fledged test and evaluation of the software.

▶ **DeFazio also helped secure the first ever earmark for Hydration Technologies of Albany, Oregon. H.R. 4613 includes \$6.3 million to purchase personal water filtration devices produced by Hydration Technologies for the Army and Air Force.** Water requirements constitute the single largest logistics challenge for the U.S. military. The Albany-based company has found a way to provide low-cost, safe, reliable, simple-to-operate technology to allow the individual soldier to produce drinkable fluids from available contaminated water sources.

▶ **DeFazio successfully fought for continued funding in H.R. 2673 for the Disability Exchange Clearinghouse. The Clearinghouse will receive \$500,000 in fiscal year 2004, which will be administered by Mobility International (MI), which is based in Eugene.** MI and the Disability Exchange Clearinghouse are an invaluable link in providing increased opportunities for people with disabilities, and also providing technical assistance to all international exchange programs sponsored by the State Department. MI has recognized DeFazio for his commitment to empowering people with disabilities throughout the world.

▶ Federal agencies consistently fail to meet congressionally imposed goals for granting contracts to small businesses, a failure that has cost small businesses almost \$40 billion in lost contracting opportunities. DeFazio supports limiting contract bundling by federal agencies. Contract bundling combines several smaller contracts into a single, large contract that is too large for a small business to handle and bid on. In addition, DeFazio supported efforts during consideration of the President's spending packages for Iraq to open up the bidding process and increase transparency so small businesses can compete.

▶ DeFazio voted in favor of legislation last year, H.R. 1829, which would block Federal Prison Industries, which uses prison labor, from being a mandatory source for government contracts. This will allow small businesses to compete for these contracts. The bill has not been acted on by the Senate.

▸ DeFazio is an original cosponsor of the Motor Vehicles Owner's Right to Repair Act (H.R. 2735), which has been endorsed by the National Federation of Independent Business (NFIB). This legislation restores the right of consumers to have their vehicle serviced at a repair facility of their choice and to decide whether they would like their car fixed with original or aftermarket automobile parts.

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**In the 107th Congress (2001-2002):**

▸ DeFazio supports efforts to reduce the paperwork burden on small businesses. He voted in favor of H.R. 327 in 2002 (P.L. 107-198), the Small Business Paperwork Relief Act, which requires OMB to make resources available for small businesses with questions about regulatory compliance, requires each federal agency to establish a single point person to act as a liaison with small businesses, and requires each agency to reduce the paperwork burden on small businesses.

▸ As the ranking Democrat on the House Subcommittee on Water Resources and the Environment, DeFazio was an original cosponsor of H.R. 1831, the “Small Business Liability Protection Act,” legislation to ensure prompt clean-up of abandoned industrial sites by providing limited liability relief for small businesses and others who dispose of small amounts of waste. This legislation will speed clean-ups of blighted areas by ensuring clean-up is not bogged down by disputes. H.R. 1831 was included in H.R. 2869, the Brownfields Revitalization Act, which was signed into law in January 11, 2002.

▸ DeFazio successfully fought for continued funding in H.R. 2500 and again in H.J.Res. 2 for the Disability Exchange Clearinghouse. The Clearinghouse is receiving \$500,000 in funding in both fiscal year 2002 and 2003, which will be administered by Mobility International (MI), which is based in Eugene.

▸ The fiscal year 2003 DOD Appropriations bill also included \$1.5 million requested by DeFazio for a software program to more efficiently schedule U.S. Navy ship construction. The software program was developed by On Time Systems, Inc. of Eugene, Oregon.